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eSun Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 571)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 20 January 2017 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent whereby the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 248,642,433 new Shares to not less than six independent Placees at the Placing Price of HK\$0.620 per Placing Share.

The 248,642,433 Placing Shares under the Placing represents (i) 20% of the existing total issued Shares of the Company of 1,243,212,165 Shares as at the date of this announcement; and (ii) approximately 16.67% of the total issued Shares of 1,491,854,598 Shares as enlarged by the Placing Shares, assuming the Placing Shares are fully placed and there is no further change in the share capital structure of the Company from the date of this announcement and up to the Completion. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$124,321,216.50.

The Placing Price of HK\$0.620 per Placing Share represents (i) a discount of approximately 15.07% to the closing price of HK\$0.730 per Share as quoted on the Stock Exchange on 20 January 2017, being the date of the Placing Agreement; and (ii) a discount of approximately 19.90% to the average closing price of approximately HK\$0.774 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Assuming the Placing Shares are fully placed, the gross proceeds and net proceeds (after deducting the placing commission and other expenses) from the Placing will be approximately HK\$154.2 million and HK\$150.9 million respectively, which will be used by the Company as general working capital.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

The Placing Shares will be allotted and issued under the General Mandate.

Completion is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that on 20 January 2017, the Placing Agreement was entered into between the Company and the Placing Agent. Summarised below are the principal terms of the Placing Agreement.

THE PLACING AGREEMENT

Date

20 January 2017 (after trading hours)

Issuer

The Company

Placing Agent

Get Nice Securities Limited

The Placing Agent has conditionally agreed to place up to 248,642,433 Placing Shares on a best effort basis and in consideration thereof, it will receive a placing commission of 2.0% of the amount equal to the Placing Price multiplied by the number of Placing Shares actually and successfully placed by the Placing Agent. The Directors are of the view that the placing commission accords with the market rate and is fair and reasonable.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Placees

The Placees, being any professional, institutional or other investor(s), procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement, who and whose ultimate beneficial owners will be third parties independent of and not connected with the Company and its connected persons.

The Placing Shares will be placed to not less than six Placees. It is expected that none of the Placees will become a substantial Shareholder (as defined under the Listing Rules) of the Company upon the Completion.

Number of Placing Shares

The 248,642,433 Placing Shares under the Placing represents (i) 20% of the existing total issued Shares of the Company of 1,243,212,165 Shares as at the date of this announcement; and (ii) approximately 16.67% of the total issued Shares of 1,491,854,598 Shares as enlarged by the Placing Shares, assuming the Placing Shares are fully placed and there is no further change in the share capital structure of the Company from the date of this announcement and up to the Completion. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$124,321,216.50.

Ranking of Placing Shares

The Placing Shares, when issued and credited as fully paid up, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.620 per Placing Share represents (i) a discount of approximately 15.07% to the closing price of HK\$0.730 per Share as quoted on the Stock Exchange on 20 January 2017, being the date of the Placing Agreement; and (ii) a discount of approximately 19.90% to the average closing price of approximately HK\$0.774 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Assuming the Placing Shares are fully placed, the gross proceeds and net proceeds (after deducting the placing commission and other expenses) from the Placing will be approximately HK\$154.2 million and HK\$150.9 million respectively, representing a net placing price of approximately HK\$0.607 per Placing Share.

The Placing Price was negotiated on arm's length basis between the Company and the Placing Agent on the date of the Placing Agreement with reference to, among other matters, the prevailing market price of the Shares. The Directors consider that the Placing Price is fair and reasonable based on current market conditions and is in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

Completion is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares (and such permission and listing not subsequently being withheld, revoked, and/or suspended prior to the delivery of definitive share certificate(s) representing the Placing Shares); and

- (ii) the transactions contemplated by the Placing Agreement not being prohibited by law or regulation or interpretation thereof (including without limitation, any statute, order, rule, regulation, request, judgment or directive promulgated or issued by any legislative, executive, judicial or regulatory body or authority) in Hong Kong, Bermuda or other jurisdiction which is applicable to the Company or the Placing Agent.

The Company and the Placing Agent shall use their respective best endeavours to procure the fulfillment of the conditions and in particular, shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may reasonably be required by each other and/or the Stock Exchange in connection with the fulfillment of the conditions.

If any of the conditions is not fulfilled on or prior to the Long Stop Date or such later date as may be agreed between the Company and the Placing Agent in writing and approved by the Stock Exchange, the Placing Agreement shall terminate and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of the Placing Agreement.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Termination of the Placing

The Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing to the Company at any time prior to the Completion Date upon the occurrence of any of the following events which, in the reasonable opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions, affairs or prospects of the Company or the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

- (A) there develops, occurs or comes into force:
 - (i) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement), including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a material change in, or which is likely to result in a material change in, political, economic, fiscal, financial, regulatory or stock market conditions; or
 - (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (iii) any material change in the trading conditions of local, national or international securities markets occurs; or

- (iv) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction which is material in the context of the Group; or
 - (v) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere; or
 - (vi) any litigation or claim being instigated against the Company or any member of the Group; or
- (B) any material breach of any of the warranties and undertakings by the Company set out in the Placing Agreement or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such warranties and undertaking untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (C) there is any adverse change in the financial position of the Company which is material in the context of the Placing;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company provided that such notice is received prior to the Long Stop Date.

Upon the giving of the above mentioned notice by the Placing Agent to the Company, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement and outstanding liabilities under the terms of the Placing Agreement.

General Mandate

The Placing Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM to allot, issue and otherwise deal with additional Shares not exceeding 20% of the total issued Shares as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 248,642,433 new Shares.

As at the date of this announcement, no new Shares have been allotted and issued pursuant to the General Mandate. Accordingly, the allotment and issue of the Placing Shares are not subject to the approval of the Shareholders.

Completion of the Placing

Completion shall take place on the Completion Date.

As Completion is subject to the satisfaction of the conditions under the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an exempted company incorporated in Bermuda with limited liability, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange. The Company acts as an investment holding company and the principal activities of the Group include the development, operation of and investment in media and entertainment, music production and distribution, the investment in and production and distribution of television programmes, films and video format products, cinema operation, the sale of cosmetic products, property development for sale and property investment for rental purposes as well as the development and operation of and investment in cultural, leisure, entertainment and related facilities.

The Company is committed to continue its growth strategy, particularly the expansion of cinema operations in Hong Kong and the PRC. The Directors considered the future capital expenditure and financing commitments and are of the view that the Placing will provide a good opportunity to raise additional funds to strengthen the financial position and broaden the shareholder and capital base of the Group so as to facilitate its future development. Accordingly, the Board considers that the terms of the Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

Assuming the Placing Shares are fully placed, the gross proceeds and net proceeds (after deducting the placing commission and other expenses) from the Placing will be approximately HK\$154.2 million and HK\$150.9 million respectively, which will be used by the Company as general working capital.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

There were no fund raising activities conducted by the Company in the past twelve months immediately preceding the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structures of the Company (i) as at the date of this announcement and (ii) immediately after Completion (assuming all the Placing Shares are fully placed and there is no change in share capital of the Company between the date of this announcement and Completion) are set out below for illustration purposes:

Shareholders	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Transtrend Holdings Limited ^(Note 1)	521,204,186	41.92%	521,204,186	34.93%
Lam Kin Ngok, Peter ("Dr. Lam") ^(Notes 1&2)	2,794,443	0.23%	2,794,443	0.19%
Lam Hau Yin, Lester ^(Note 3)	2,794,443	0.23%	2,794,443	0.19%
SAIF Partners IV LP ^(Note 4)	125,000,000	10.05%	125,000,000	8.38%
The Placees	–	–	248,642,433	16.67%
Other public Shareholders	591,419,093	47.57%	591,419,093	39.64%
Total	1,243,212,165	100%	1,491,854,598	100%

Notes:

- Lai Sun Development Company Limited ("LSD") is deemed to be interested in 521,204,186 Shares beneficially owned by Transtrend Holdings Limited, its wholly-owned subsidiary. In addition, Dr. Lam (an Executive Director from 15 October 1996 to 13 February 2014) and Lai Sun Garment (International) Limited are deemed to be interested in the same 521,204,186 Shares indirectly owned by LSD pursuant to the provisions of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
- Dr. Lam is the beneficial owner of 2,794,443 Shares.
- Mr. Lam Hau Yin, Lester, an Executive Director, is the beneficial owner of 2,794,443 Shares.
- SAIF Partners IV LP is the beneficial owner of 125,000,000 Shares, which is indirectly controlled by Mr. Andrew Y. Yan (a Non-executive Director) as a director and the sole shareholder of SAIF IV GP Capital Limited which is the sole general partner of SAIF IV GP LP which in turn is the sole general partner of SAIF Partners IV LP.

DEFINITIONS

In this announcement, the following terms shall have the meanings set opposite them unless the context otherwise requires:

"AGM"	the annual general meeting of the Company held on 16 December 2016 at which, among other things, a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders;
"Board"	the board of Directors;

“Business Day”	any day (excluding Saturdays and Sundays, a day which is a public holiday in Hong Kong, and a day on which a tropical cyclone warning No. 8 or above or a “black” rainstorm warning signal is hoisted or remains in effect in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m.) on which banks generally are open for business in Hong Kong;
“Company”	eSun Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571);
“Completion”	completion of the Placing in accordance with the terms and conditions set out in the Placing Agreement;
“Completion Date”	a day as soon as possible following the satisfaction of all conditions of the Placing and in any event not later than five (5) Business Days after the satisfaction of the conditions of the Placing (or such other date as the Company and the Placing Agent may agree in writing) and on which Completion will take place;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“General Mandate”	the general mandate granted to the Directors by a resolution of the Shareholders passed at the AGM to allot, issue and deal with additional Shares not exceeding 20% of the total issued Shares as at the date of the AGM;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Committee”	has the meaning ascribed to it under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	14 February 2017 or such later date as the Company and the Placing Agent shall agree;
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement;

“Placing”	placing of up to 248,642,433 new Shares by the Placing Agent, on a best effort basis, pursuant to the terms of the Placing Agreement;
“Placing Agent”	Get Nice Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities), type 4 regulated activity (advising on securities), type 6 regulated activity (advising on corporate finance) and type 9 regulated activity (asset management) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Placing Agreement”	a conditional placing agreement entered into between the Placing Agent and the Company dated 20 January 2017 in respect of the Placing;
“Placing Price”	HK\$0.620 per Placing Share;
“Placing Shares”	up to 248,642,433 new Shares to be placed under the Placing;
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Share(s)”	the ordinary shares of HK\$0.50 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

By Order of the Board
eSun Holdings Limited
Lui Siu Tsuen, Richard
Executive Director and
Chief Executive Officer

Hong Kong, 20 January 2017

As at the date of this announcement, the Board comprises four Executive Directors, namely Messrs. Lui Siu Tsuen, Richard (Chief Executive Officer), Chew Fook Aun, Lam Hau Yin, Lester and Yip Chai Tuck; two Non-executive Directors, namely Madam U Po Chu and Mr. Andrew Y. Yan; and four Independent Non-executive Directors, namely Messrs. Low Chee Keong (Chairman), Lo Kwok Kwei, David and Alfred Donald Yap and Dr. Ng Lai Man, Carmen.